

The complaint

Mr M complains that Scottish Equitable Plc trading as Aegon ("Aegon") failed to efficiently manage a request that he made for the transfer of some pension savings he held with another firm.

What happened

I issued a provisional decision on this complaint in May 2025. In that decision I explained why I thought the complaint should be partly upheld. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Mr M holds pension savings with Aegon. He also held pension savings with another firm that I will call V. Mr M turned 75 in May 2024, and in line with the terms of the plan he held with V his pension savings would be used to purchase an annuity should he leave them with that firm.

So, in late 2023 Mr M began considering how he should deal with the pension savings he held with V. Mr M says that he discussed his situation with Pension Wise around that time and concluded that he would be best served by transferring his pension savings from V and consolidating them with those he already held with Aegon.

In February 2024 Mr M says that he got in touch with Aegon to discuss the transfer of those pension savings. He says that, as he was not in receipt of advice from a financial advisor, Aegon explained that he would need to discuss his proposals with its Aegon Assist team. Mr M says that the earliest appointment he was able to book was on 6 March 2024.

Following his phone call on 6 March Aegon agreed to assist Mr M with the transfer of his pension benefits from V. It said that it would send him information and documentation he would need to read and complete to allow the transfer to proceed.

When Mr M hadn't received that information he got back in touch with Aegon on 26 March to ask for an update. Two days later Mr M received an email from Aegon explaining that it would be unable to accept his transfer request. It told Mr M that the request had been made too close to his 75th birthday and given the likely timescales of a transfer such as this it thought it was unlikely to be completed by that time. Aegon told Mr M that legislation meant it could not accept any additions to his pension plan after he turned 75.

Over the following days Mr M started to discuss what had happened with a journalist from a national newspaper. And on 3 April he made a formal complaint to Aegon. Aegon responded to that complaint the following day asking Mr M for more information about the proposed transfer so it could see whether it could help further. But by then, after discussing his situation with his accountant, Mr M had decided to withdraw all his pension savings from the plan he held with V as an Uncrystallised Funds Pension Lump Sum ("UFPLS") payment. But that meant parts of the pension savings he withdrew were subject to both higher and additional rates of income tax.

So Aegon told Mr M that it wouldn't be able to help him further with any transfer. It did however acknowledge that its communication with Mr M might have been better – explaining from the outset that any transfer needed to be completed by his 75th birthday, and so that it might not be able to help him. Aegon offered Mr M £300 for the distress and inconvenience he'd been caused. Unhappy with that response Mr M brought his complaint to us.

I don't think there is much dispute over the basic facts that underpin this complaint. Aegon accepts that in its initial discussions with Mr M it failed to make him aware that it might be difficult, given the time left until his 75th birthday, for it to complete the transfer. And when Mr M became aware that Aegon thought it couldn't complete the transfer he decided to effectively cancel his request by instead asking V to pay the full value of his pension savings to him as a UFPLS.

So what I need to decide in this decision, is whether Aegon treated Mr M unfairly in the way it communicated to him around the time of his original transfer request. And should I find that to be the case I would then need to consider whether that has caused Mr M to lose out.

I think it might first be helpful to explain that a pension provider is generally under no obligation to accept a transfer of benefits from another provider providing it declines that request for commercial, or other justifiable reasons. So it would have been entirely reasonable for Aegon to refuse Mr M's transfer request at the outset. But that wasn't what happened here. Aegon accepted Mr M's request, and so its later refusal to complete the transfer meant Mr M lost what might have been important time in arranging for another provider to accept the transfer instead.

Aegon hasn't provided us with details of Mr M's initial request that he says he made in February 2024, but I have no reason to doubt that call took place. It was following that call that Mr M arranged to speak with the Aegon Assist team in early March. But I'm not persuaded that before that call took place Aegon would have had sufficient information to give Mr M any reasonable indication of the time his transfer might take.

So I think the point at which Aegon should have warned Mr M about the time constraints on the transfer was when he spoke with the Aegon Assist team on 6 March. At that time Aegon should have had sufficient information to understand the information it might need from Mr M and V about his pension plan in order for the transfer to be completed.

Aegon accepts that it didn't do enough in terms of telling Mr M about the deadlines for the transfer when he made his original request. But it does seem that Mr M became aware of those deadlines around three weeks later. I accept that information doesn't seem to have been provided to him in a proactive manner - instead he was told of the problems in response to him chasing an apparent lack of progress. But I'm not persuaded the manner in which he was told has much bearing on this complaint. I think it sufficient to simply conclude that Aegon did give that information to Mr M at that time.

But what I need to consider here is whether that three-week delay had a material impact on Mr M's ability to transfer his pension savings. I repeat what I said earlier that Aegon was under no obligation to accept Mr M's transfer request. So, had it told him it wasn't willing to take the transfer earlier in the process, I would be unlikely to conclude anything had gone wrong. It is possible that, had Mr M been told Aegon couldn't help him, he would have sought another provider to accept his transfer. But, on balance I am not persuaded that having nine weeks, rather than just six weeks, to engage that alternative provider would have made much difference.

Ultimately Mr M, after taking professional advice from his accountant, decided to take his pension savings as a UFPLS rather than seek an alternative recipient of the transfer. That was entirely his decision, and not something influenced by Aegon. In fact just a day later Aegon got in touch with Mr M, potentially following the involvement of the national newspaper, to see whether it might be able to help with his transfer after all. But by that time it was too late, and Mr M had taken an irrevocable decision regarding the pension savings he held with V.

So whilst I agree that Aegon might have communicated better with Mr M, and certainly in a more timely manner, I'm not persuaded those failures have caused Mr M to lose out. I'm not persuaded there is sufficient evidence to suggest that the delay meant Mr M wouldn't have been able to arrange and complete the transfer with another provider. And I don't think Aegon's actions were such that Mr M was forced, at that time, to take a UFPLS payment – ultimately he still had six weeks before V would require him to use those pension savings to purchase an annuity. So I don't think it would be reasonable to ask Aegon to pay Mr M any compensation for the income tax he has been required to pay as a result of choosing to take his pension benefits from V in the form of a UFPLS payment.

But there is little doubt that Mr M has been caused some distress and inconvenience by Aegon's failure to explain the processing deadlines, and so his loss of expectation over the cancelled transfer. I've thought carefully about the offer Aegon made to Mr M, for a payment of £300, and concluded that it is not sufficient. I would consider a payment of £500 to be a more reasonable reflection of the distress and inconvenience Mr M has suffered.

I appreciate that this provisional decision will be disappointing for Mr M. But I am not persuaded there is sufficient evidence that Aegon's communication failures prevented him from completing a transfer of his pension savings to another provider or forced him into taking his pension benefits as a UFPLS with the associated income tax consequences.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Both Mr M and Aegon have provided some further comments. Although I am only summarising here what has been said I want to reassure both parties that I have read, and carefully considered, their entire responses.

Aegon has asked for more information about why I thought the payment it should make for Mr M's distress and inconvenience should be increased. It said that following the investigator's assessment Mr M had asked for the cheque payment for £300 it had sent to him at the outset to be reissued, and it had done so. It said that my conclusions were the same as the investigator so it didn't understand why I thought the compensation payment should be greater.

Mr M didn't agree with my findings. He first highlighted that at no stage before he made his decision to proceed with the transfer had he been given any indication that it might not be possible for it to be completed before his 75th birthday. Mr M also highlighted the one month delay in him being able to speak with the Aegon Assist team. And that the Aegon Assist team had failed to make any progress on his transfer when he chased matters three weeks later.

Mr M says that Aegon's failures led his accountant to explain he was between a rock and a hard place, and had little other option but to take a UFPLS from V. He says that after that decision had been taken Aegon told him it was unable to help any further. He thinks that Aegon could have taken steps to help him earlier, such as contacting V to discuss the likely timescales. Mr M says that V has more recently told him that it could have completed the transfer in the required time, or even delayed the point at which an annuity needed to be taken by a week or two.

Mr M has now been able to establish the extent of the additional income tax he has needed to pay. He says that if he had been able to withdraw his pension savings more gradually, and so only incurred lower rate income tax, he would have paid almost £18,000 less in tax.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr M and by Aegon. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I have great sympathy for the position that Mr M has found himself in, and the additional income tax he has needed to pay. I share his conclusion that some additional discussions with V during the transfer process might have led to a different outcome. But I'm not persuaded that the responsibility for those discussions falls entirely on Aegon. With the benefit of hindsight I think Mr M might now feel it would have been beneficial if he had discussed the delays to the transfer with V before committing to taking his pension savings as an UFPLS. I'm not persuaded that it was Aegon's responsibility to have those discussions on Mr M's behalf.

But as I explained in my provisional decision I don't think that means Aegon is without blame for the delays that Mr M experienced. Whilst I think it was entirely Mr M's choice to make the irrevocable decision to take a UFPLS, I think Aegon's poor communication placed some greater time pressures on that decision that might not otherwise have been present. So it is for that reason that I concluded some compensation to reflect Mr M's distress and inconvenience, or loss of expectation, would be appropriate.

Aegon is entirely correct when it says that awards for distress and inconvenience are subjective, and therefore open to interpretation. Whilst we do publish some guidance on our website, ultimately each case needs to be assessed on its own merits. I accept that means that from time to time different ombudsmen, or investigators, when looking at similar circumstances might reach different conclusions on what level of compensation is appropriate. But here it is my decision about what should be paid – I am not bound at all by any recommendations previously made on the complaint, or compensation already paid.

As I have said, whilst I think it was ultimately Mr M's decision to take the UFPLS that meant Aegon was no longer able to assist him with the transfer, that decision was placed under greater time pressure by Aegon's earlier inaction. So I think a payment at a higher level than our investigator recommended – that was appropriate for lesser inconvenience or loss of expectation – is required here. I remain satisfied that my award – of £500 in total - is fair. But I accept that some of that compensation has already been paid by Aegon since the investigator issued his assessment. So I will take account of that in my final directions.

As before I appreciate that my decision will be disappointing for Mr M. But I remain persuaded there is insufficient evidence that Aegon's communication failures prevented him from completing a transfer of his pension savings to another provider or forced him into taking his pension benefits as a UFPLS with the associated income tax consequences.

Putting things right

Aegon should pay a further sum of £200 (making a total compensation payment of £500) to Mr M for his distress and inconvenience.

My final decision

My final decision is that I partially uphold Mr M's complaint and direct Scottish Equitable Plc trading as Aegon to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 August 2025.

Paul Reilly
Ombudsman